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BOATING INDUSTRY

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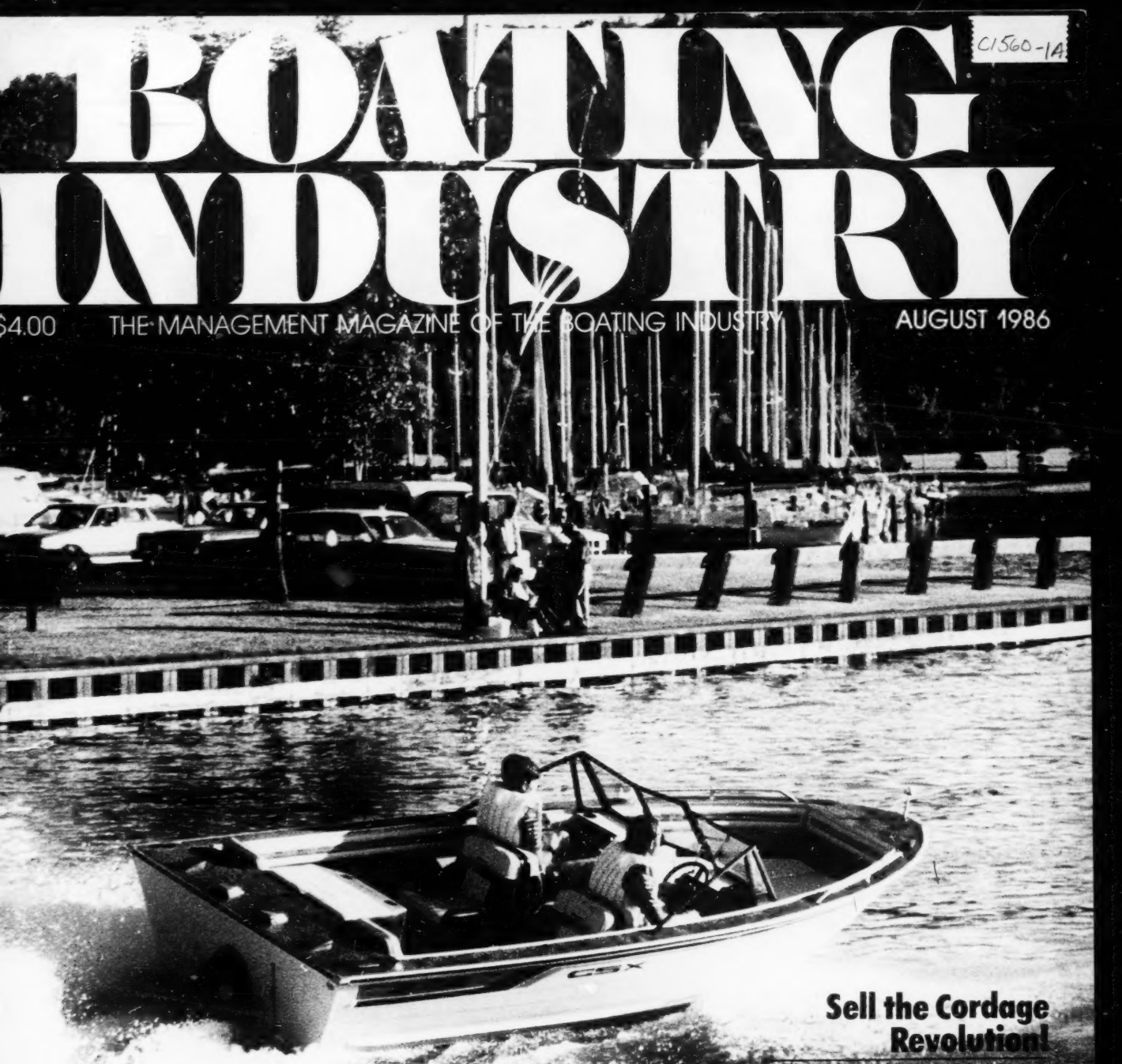

MARKET CLOSEUP:
NEW DESIGN TECHNOLOGY IN MARINE ALUMINUM

Sell the Cordage Revolution!

Planning a Successful Dealer Show

How to Compute Inventory Levels

Pre-IMTEC Travel/Fact Kit

Sneak Preview: '87 Boats, Engines & Trailers

BOATING INDUSTRY

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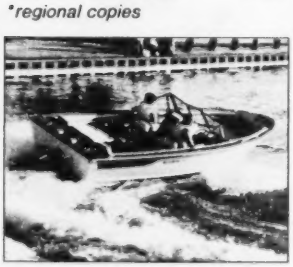

Cover

It has been a year of product innovation for marine aluminum. Grumman's new series of inboard/outdrive runabouts is a prime example of why manufacturers have high sales expectations for '87.
PHOTO COURTESY GRUMMAN BOATS

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Sell the Cordage Revolution

The cordage revolution has been gradual, but just the same, the improvements and changes in the use of these products have been greater than in the previous three hundred years! Now is the time to remember that new products create customer interest and result in new business.

42

How to Turn Your Boat Show Into a Boat Sale

Many of us have fallen into a rut with our boat shows and promotions, yet many dealers will write 25% to 40%...or more...of their year's business at shows. Turn a new leaf, and be prepared to really capitalize on what may be your dealership's greatest promotional expense.

55

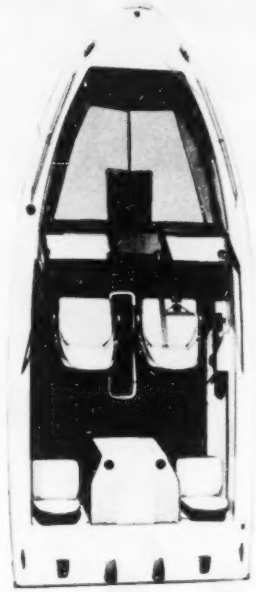
Marine Aluminum: New Design Technology

Aluminum boat manufacturers are reporting good sales at all points along the spectrum in '86, and are highly optimistic about the new model year. Innovative approaches in powering, hull design, and construction techniques for aluminum craft are being relied upon to fulfill the promise.

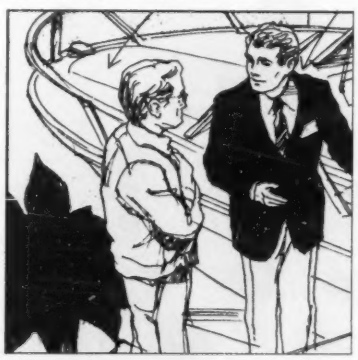
71

Mastering The Basics of Inventory Management

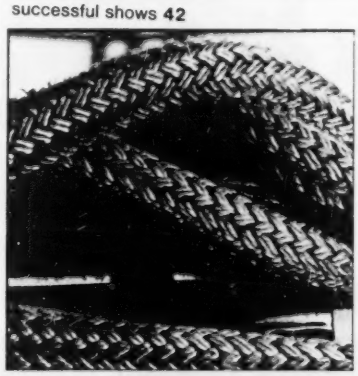
Understanding how inventory management can easily affect the net profit of a dealership anywhere from 25% to 50%, should motivate the marine manager to learn more about the three-way partnership of dealer-manufacturer-financial institution. Some key formulas help, too.



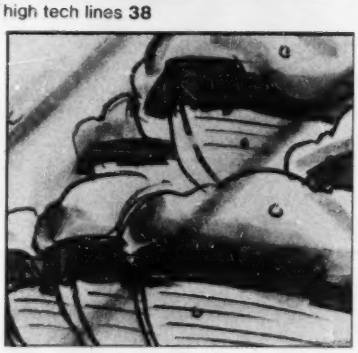
innovation in aluminum **55**



successful shows **42**



high tech lines **38**



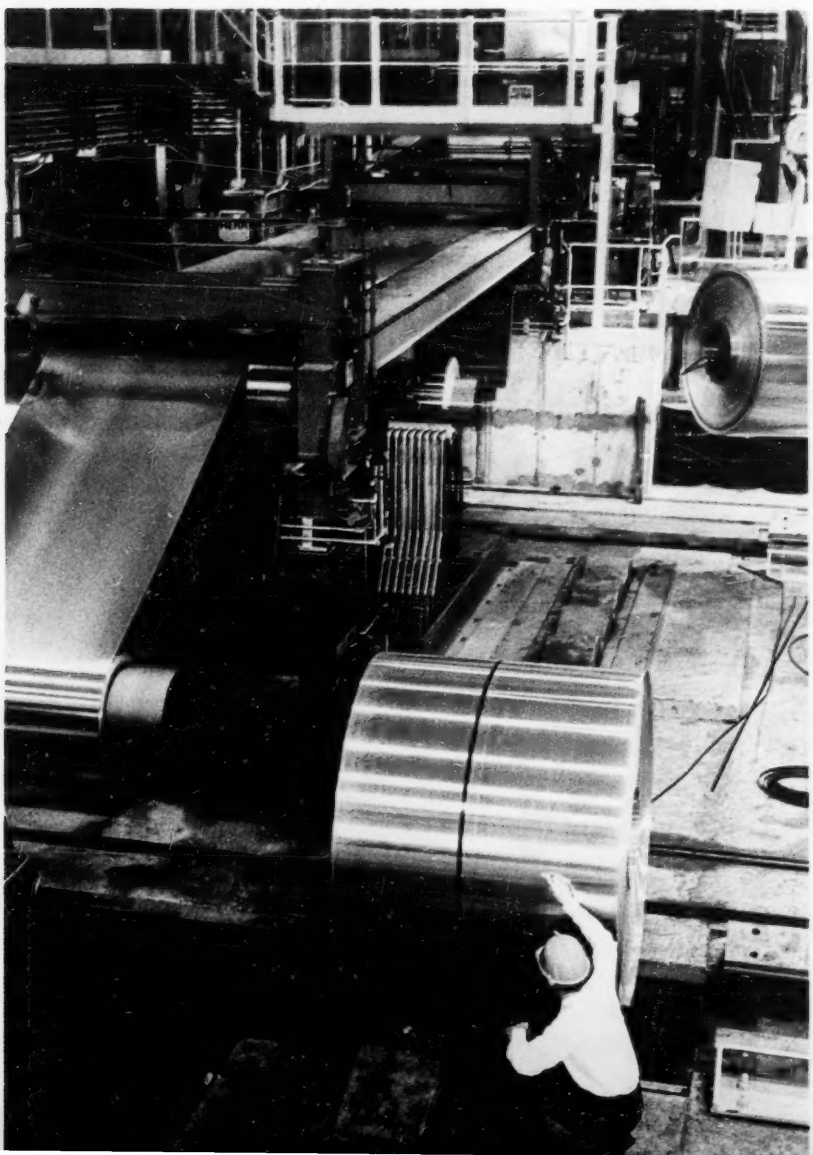
inventory management **71**

MARINE ALUMINUM

NEW DESIGN TECHNOLOGY

High Strength Aluminum Keeps Its Place In Market

Aluminum boats have come a long way in performance and design, but their strongest showing in the pleasure boat market remains outboard runabouts, rather than more deluxe models.



Aluminum coils being readied for shipment at mill. After decline, price of aluminum is again on rise.

BY JOHN DE GASPARI

Each of the contending boats vying for first place in the upcoming America's Cup race—except for one—will have an important feature in common: they will all be constructed of aluminum. Since the first aluminum hulls were introduced to the event in 1974, nearly every one has been made of the material.

Its light weight is unmatched, as is its versatility. As one naval architect has put it: if you don't like the way a boat is behaving, you have the option of sawing off the stern and welding on a new one.

The metal also enjoys a good reputation in the power boat area. Many of the big boats competing in the power boat racing circuits are made of aluminum.

Yet despite aluminum's role in more exotic applications, many consumers in the pleasure boat market still associate aluminum with the basic, "no frills" type of boat. Aluminum boats, which account for about 36% of the pleasure boat market, have reached a "high plateau," according to Bob Moyat, manager of marketing statistics for the Chicago-based National Marine

POPULAR MARINE ALUMINUM ALLOYS

Alloy number	Principal alloying element and its percentage	Principal boating use
5005	Magnesium (0.8%)	Cartoppers, jon boats, smaller utilities, and pontoons.
5052	Magnesium (2.5%)	Runabouts, houseboats, small cruisers, pontoons.
5086	Magnesium (4.0%)	Custom yachts, naval and commercial craft, larger stock cruisers, and houseboats.
6061	Magnesium (1%) and silicon (0.6%)	Stretch-formed hulls for canoes, runabouts, sailboats; also, extrusions for spars, window channels, framing, etc.
6063	Magnesium (0.7%) and silicon (0.4%)	Extrusions for boat trailers, boat docks, gunwales, and miscellaneous extruded parts.

Source: Recreational and Marine Aluminum Committee, The Aluminum Association.

Manufacturers Association.

The strongest area for aluminum boats is still the 16-ft outboard. In 1985, they claimed less than a 2% share of the biggest growth area for pleasure boats, I/Os. "A larger part of the (aluminum) market remains the basic no-frills boat buyer."

Bart Campbell, manager of general manufacturing market for Reynolds Aluminum, Richmond, VA, agrees. While some people are doing innovative things with the material in design work, which is enhancing its use a little, he says, it remains a fairly mature material in the pleasure boat market.

One advantage of aluminum is its sensitivity to the energy situation, he adds. "When the oil price goes up, it generally gets more attractive both from the standpoint of operation of aluminum boats, and also because its chief competitor, fiberglass, is more expensive."

With the price of oil as low as it has recently been, that may not be as great an asset now as it had been in the past. The price of aluminum, too, has been depressed, due to competition from foreign imports and worldwide overcapacity. Now, efforts of domestic producers to cut down on capacity to bring the supply and demand situation more in balance, coupled with a strong economy, have spurred demand somewhat. The price of aluminum, which has been down for some 18 months, is again on the rise.

"At current levels, it's a pretty good buy," says Campbell. The low price has certainly been to the benefit of boatbuilders, he adds, and "the price levels they're seeing now are still considerably lower than what they've seen in the past, and should not present a problem."

Fiberglass is basically a more expensive material than aluminum, although drawing price comparisons between the two can be difficult because each material has its own design criteria and requires its own production techniques.

Both aluminum and fiberglass have their fan clubs in the marketplace, says Campbell. "Some dealers will handle both lines because they recognize that. Fiberglass is generally the bigger ticket item. Aluminum is sometimes a better volume item because of its lower price."

Another advantage of aluminum as a boatbuilding material is its ease of fabrication. It's easy to weld, easy to rivet, says Campbell, and fewer people are required to handle it during production because of its light weight.

Campbell has seen some increase in welding of aluminum boats, although not to the extent that it has replaced riveting.

One characteristic of welding is smoother lines, says Campbell, and a lot of motivation for its use is derived from that angle. While the major share of the aluminum boat market remains outboard runabouts, some manufacturers are trying to target their aluminum boats to a more upscale market. Campbell agrees that some boatbuilders have become more innovative and style conscious in their designs.

One thing that tends to remain a problem to some very style-conscious boaters, says Campbell, is that "the aluminum hull is, by the very nature of the material, not as 'pizzazy' as the fiberglass hull is. You can do things with colors on fiberglass boats that you can't do with aluminum. And you can build certain boats out of fiberglass that you can't with aluminum, because of the lines of the boat—the curves and the sweep. It's fairly cost prohibitive to do all of that forming on aluminum—not that it couldn't be done—but it's not economical."

On the other hand, says Campbell, aluminum has done very well in applications where serviceability is important. "There's a place for both materials out there."

Because of aluminum's light weight, it is also useful for deck houses of pontoon boats. "On a houseboat, aluminum doesn't make the boat top-heavy. You don't get as much roll effect. The higher up it is, the more advantageous it is," says Campbell.

In addition to sheets, it is also valuable for extrusions. One of the most important places for aluminum extrusions is in the ribs of the hull, where it offers weight savings and corrosion resistance.

Marine aluminum is basically indestructible from the standpoint of wear and corrosion, says Campbell. "In fact, most aluminum boats are traded, one, to trade up to a different design—something with more bells and whistles on it; or two, maybe he just abused the boat. Other than that, it would be hard to put a life-expectancy tag on it. It's going to be there an awfully long time."

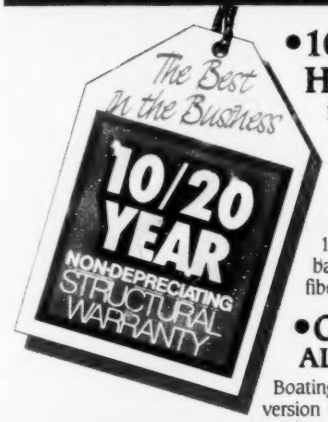
The term "Marine Aluminum" was coined by the Aluminum Association in the mid-1960s. It was used to describe a family of marine alloys in the 5000 and 6000 series.

Magnesium is the main alloy used in the 5000 series, providing strength, corrosion resistance, and

V170 Viking Deluxe

V225 Sabre GL with Hard Top

NORDIC CRESTLINER



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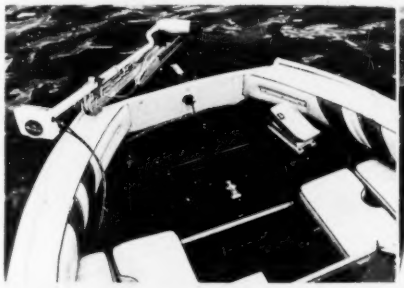

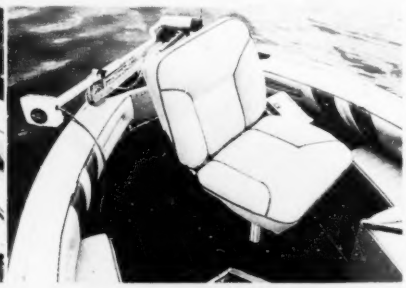

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UNITS OF BOATS SOLD

		Total	Aluminum
'85	outboard	290,000	191,000
	I/O	115,000	2000
	pontoon	14,000	14,000
	canoe	79,000	25,000
'84	outboard	302,000	209,000
	I/O	107,000	2000
	pontoon	16,000	15,000
	canoe	103,000	35,000
'83	outboard	273,000	203,000
	I/O	79,000	1200
	pontoon	12,500	8300
	canoe	107,000	35,000
'82	outboard	236,000	180,000
	I/O	55,000	800
	pontoon	9975	7000
	canoe	101,000	33,000
'81	outboard	281,000	214,200
	I/O	51,000	900
	pontoon	10,600	7300
	canoe	126,000	49,000
'80	outboard	290,000	195,100
	I/O	56,000	800
	pontoon	8900	7100
	canoe	105,000	68,300

Source: National Marine Manufacturers Association.

good welding characteristics. The 6000 series alloys, which contain silicon and magnesium, have good formability, corrosion resistance, and can be heat treated to give very high strength. The 6000 series can be stretch-formed for hulls, and are used as extrusions.

This means better performance, durability, easy maintenance, and higher resale value, according to a report by the Aluminum Association in Washington, DC.

One reason is its light weight. Depending on the design of the boat, aluminum may weigh 20% less then fiberglass and 5% to 10% less then wood.

Aluminum's high tensile strength and stiffness make aluminum durable and give excellent hull integrity.

Aluminum is a naturally corrosion resistant material. Most painting of aluminum is done for appearance sake, says Campbell, and generally it is a maintenance-free boat.

Another advantage of aluminum, according to the Aluminum Association, is that it is heat conductive. Its high temperature conductivity lessens the heat of the sun on boat decks and hulls, which quickly cool to water temperature.

All of these advantages make for a good investment, according to the Aluminum Association. Aluminum boats hold their value, with less depreciation at trade-in or resale. □